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SUBJECT: BOLIVIA: EVO CALLS ATPDEA SUSPENSION "VENGEANCE"

¶1. Summary: Press reports highlighted the closure of two more small businesses in the wake of the announcement of President Bush's decision to suspend ATPDEA trade benefits for Bolivia starting December 15. President Morales reacted angrily, calling the suspension "political vengeance." Vice President Garcia Linera described the benefits suspension as part of an "abusive and aggressive attitude on the part of a world power against a country." Morales announced that he will re-negotiate on ATPDEA with the incoming Obama administration, while industry experts downplayed the Bolivian government's attempts at replacing the U.S. market. End summary.

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Morales' Reaction: Vengeance is Theirs!
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¶2. Despite the White House statement that clearly explained the reasons behind the decision to suspend ATPDEA benefits for Bolivia, Morales continues to insist that Bolivia has met its counternarcotics targets. In response to the suspension announcement, Morales said, "Suspending Bolivian exports of textiles to the United States, under a pretext that the Bolivian government has not complied or has not helped in the counternarcotics fight is completely false. What the U.S. government and the U.S. president has done is apply a political vengeance to frighten the Bolivian people." Morales has repeatedly stated that Bolivia met its counternarcotics targets better Peru and Colombia, countries which were not decertified.

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Morales Hopes for Improved Relations Under Obama...
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¶3. Morales declared at a November 27 press conference that he is predisposed to work with the Obama administration, and that he intends to negotiate re-establishment of ambassadors in both countries "on the condition that there is respect....Beyond the wealth of a country, beyond the poverty of a country, first is the dignity of the Bolivians." Morales claimed that he had met with an unnamed U.S. Senator in his last visit to Washington who told him that in June the Obama administration "would re-instate ATPDEA." Morales warned, however, that negotiations would have to wait until president-elect Obama took office, because "no kind of

negotiation can take place because there is a stage of transition."

...While Morales' Appointee Doubts Chance of Change

¶4. Not all public officials in Bolivia are so confident of a change under a new U.S. administration, however. In a radio interview, Cochabamba Prefect Rafael Puente (who was appointed by President Morales) said that Bolivians should not hope for greatly improved relations with the United States under the Obama administration: "The only news for Bolivia is that now a black man will be screwing us."

Industry Still Focused on (Shrinking) Bottom Line

¶5. Eduardo Paz, president of the Industry, Trade, Services and Tourism Chamber of Santa Cruz (CAINCO) announced that Morales' assurances of new markets in Venezuela and Iran "cannot compare to the U.S. market" and complained that they are suffering under Morales' "erratic foreign trade policies". Paz described the first trade agreements under the Bolivarian Alternative for the Americas (ALBA) as amounting to roughly one tenth of trade that currently benefits from ATPDEA tariff elimination.

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